

FINRA’s [Funding Portal Rules](#) (FP Rules) apply to firms that register with the U.S. Securities and Exchange Commission (SEC) as funding portals pursuant to the SEC’s Regulation Crowdfunding (Reg CF) and that become FINRA FP members. Prospective FPs should review, in addition to the rules under the SEC’s Reg CF, *Regulatory Notice 16-06* (SEC Approval of FINRA Funding Portal Rules and Related Forms), which provides a brief overview of the FP Rules and provides information for membership as FPs. In addition, FPs should review the [Funding Portals page](#) describing, among other topics, registration, fingerprinting and continuing education requirements for FPs.

The following is a guide to assist applicants as they prepare and submit information in connection with their Form FP-NMA (Funding Portal – New Member Application) or Form FP-CMA (Funding Portal – Continuing Member Application). This checklist summarizes basic information that may be required in order for staff to begin a meaningful review.

This checklist is intended as a basic reference tool. FINRA reminds applicants that staff may determine that further specific information or documentation is required based on facts and circumstances presented in the application. Applicants should review FP Rule [110](#) (Funding Portal Application) and Form FP-NMA for guidance and information regarding FINRA’s membership requirements.

(A)

COMPLY WITH RULES AND REGULATIONS



- Provide your FP’s executed formation documents, including:
 - Certificate of formation, articles of incorporation, bylaws and operating agreements, as applicable; and
 - Any amendments.

FINRA may also request evidence of election or appointment of managing members, the board of directors, and any officers, if applicable (such as Board of Directors Agreements or Managing Member Agreements).

- Complete your FP’s ownership chart, including:
 - All direct and indirect owners of your FP; and
 - Percentage of ownership for each direct and indirect owner.

FINRA may also request that the ownership chart address any affiliated or related entities.

- Complete your FP’s supervisory chart, including all supervisory personnel and reporting lines. FINRA may also request your firm include in the chart information with regard to any or all other employees and associated persons of your FP.

- Be prepared to provide documentation of your FP’s diligence searches in connection with the disclosure information required under Section VII of Form FP-NMA.
- Be prepared to perform a “demo” during your FP’s membership interview, which includes a walk-through of the platform, including but not limited to:
 - The investor onboarding process (including, for example, the account opening process, the process for making, confirming and cancelling an investment commitment and the process for obtaining the required investor representations and providing the required notices and confirmations); and
 - Educational links.

(B)

CONTRACTS AND AGREEMENTS



- Provide copies of contracts or agreements with all third parties.
- Provide the written undertaking as required under Reg CF Rule 404(d) with regard to any third party that will prepare or maintain records on behalf of your FP. Please be sure that the written undertaking includes the specific language required under the rule.
- Provide a copy of any contracts or agreements relating to the conduct of your FP's business activities. Review Section V of Form FP-NMA for further information. Please note that, in order to process your application, FINRA may request information about contracts or agreements relating to any issuers and investors, including agreements with qualified third parties.

(C)

SUPERVISION



- Provide a copy of your FP's written supervisory procedures (WSPs). The WSPs must, at a minimum, address the subjects, and contain the information, outlined under FP Rule 300(a) and Section IV.c of Form FP-NMA. FPs may also review FINRA's [Funding Portal WSP Checklist](#) to evaluate their WSPs. Please note that your FP's supervisory system must designate a person with authority to carry out the supervisory responsibilities of the FP. Please note that FINRA staff, as part of your application process, will need to assess your firm's WSPs. Generally, your WSPs will need to include the following:
 - Your FP's process to demonstrate that it is in compliance with all applicable requirements under the federal securities laws, Reg CF and the FINRA FP rules;
 - An outline of the compliance controls that your FP would put in place;
 - Testing and review processes to confirm the effectiveness of your FP's compliance controls; and
 - The supervisor(s) responsible for each compliance control, the frequency with which each control is reviewed, the scope of such review, how the review is memorialized, and how gaps or errors will be fixed.

(D)

FUNDING



- Submit documentation reflecting your FP's funding and capitalization. Identify all persons or entities that have contributed equity capital or debt financing to your FP's business.
- Documentation should include, for example, bank statements, checks, wire instructions (or the equivalent) and audited financial statements. See Section VI of Form FP-NMA for more information and guidance. With regard to funding sources for the FP, the required information includes, for example, bank statements or other evidence that demonstrate the ability of the funding source to contribute to your FP's funding. Further, the FP should provide bank statements, checks, or wire instructions (or the equivalent) covering each month that funds were deposited into the FP's account. Applicants will need to include any expense sharing agreements and describe any plans for additional funding. Please note that, in order to process your application, FINRA may request additional or clarifying information, such as bank statements or other materials.

(E)

RECORDKEEPING



- Describe in detail the recordkeeping policies, procedures and systems to be used by your FP. Note that your FP must make and preserve the records specified under the SEC's Reg CF Rule 404. Further, your FP must make and keep current the associated person records under FP Rule 303(f). All of these records need to be retained for five years, the first two in an easily accessible place.
- As mentioned in Section B above, if your FP plans to use a third party to prepare or maintain the records required under the rules, you will need to provide the written undertaking under Reg CF Rule 404(d).
- FINRA may also request a description of the format in which records are being stored, the location where the records will be stored, who will have access to the records, and how they will be protected.

FINRA Compliance Tool Disclaimer

This optional tool is provided to assist member firms in fulfilling their regulatory obligations. This tool is provided as a starting point and you must tailor this tool to reflect the size and needs of your firm. Using this tool does not guarantee compliance with or create any safe harbor with respect to FINRA rules, the federal securities laws or state laws, or other applicable federal or state regulatory requirements. This tool does not create any new legal or regulatory obligations for firms or other entities.

Updates – This tool was last updated on April 3, 2022. This tool does not reflect any regulatory changes since that date. FINRA periodically reviews and updates these tools. FINRA reminds member firms to stay apprised of new or amended laws, rules and regulations, and update their WSPs and compliance programs on an ongoing basis.

Member firms seeking additional guidance on certain regulatory obligations should review the [Funding Portals Topic Page](#) and other relevant FINRA [Topic Pages](#).

Staff Contact(s) – FINRA's Office of General Counsel (OGC) staff provides broker-dealers, attorneys, registered representatives, investors and other interested parties with interpretative guidance relating to FINRA's rules. Please see [Interpreting the Rules](#) for more information.

OGC staff contacts:

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CCSD-944 – 07/22